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Report Highlights:

Paddy support price hiked, *Minister hints at additional wheat imports*, *AWB focusing on Indian wheat deal*, *Southern flour mills buy Australian wheat*, *Government junks CSE cola charges*, *India and ASEAN agree to resume FTA talks*, *Reliance Retail to offer global brands*, *Deadline established for report on GM Soybean oil*, *Comprehensive standards for processed food*.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1]
[IN]

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included in this report. Significant issues will be expanded upon in subsequent reports from this office.

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PADDY SUPPORT PRICE HIKED

The government has raised the minimum support price for paddy (unmilled rice) for the 2006/07 marketing year (October/September) further by rs. 400 (\$8.6) per ton to rs. 6,200 (\$133.3) for Common varieties and rs. 6, 500 (\$139.8) for Grade A varieties. This increase is on top of the rs. 100 per ton increase announced on July 27, 2006. (Source: Business Line, 08/25/06)

MINISTER HINTS AT ADDITIONAL WHEAT IMPORTS

The country will have to import more wheat to feed its more than a billion people before the next crop in March, Minister of State for Food said. India has contracted for purchases of 3.8 million tons of wheat since March this year, the first wheat imports in six years, after a sharp fall in domestic output. The government stocks on July 1, 2006, were estimated at 8.2 million tons, nearly nine million tons below the desired buffer stock level of 17.1 million tons at that date. (Source: Financial Express, 08/22/06)

AWB FOCUSING ON INDIAN WHEAT DEAL

Australia would concentrate on clearing wheat sales to India of one million tons before bidding for new tenders, According to AWB Ltd. sources. AWB agreed a contract with India for 500,000 tons in March 2006 but became entangled in complaints by Indian officials about pesticide contaminants. In June, the AWB signed another contract for a further 500,000 tons, saying that it had resolved disagreements over quality in the first contract. "We have got a million tons on the books, we're about a third on the way through (shipping) that," said AWB spokesman, Mr. Peter McBride. The rest of the million tons would be shipped over coming months, into November. (Source: Business Line, 08/23/06)

SOUTHERN FLOUR MILLS BUY AUSTRALIAN WHEAT

Roller flour millers in southern India, in search of quality wheat and assured supply, are coming forward to pay a higher price for wheat. On August 24, the AWB sold two consignments of wheat to the flour millers, 27,500 tons at \$229 (C&F) and 22,000 tons at \$231.50 (C&F) for November and December delivery respectively at Tuticorin. According to trade sources, the deal was struck purely on AWB's efforts, which got in touch with individual mills and pooled their demand. This deal is on the heels of the private trade arranging to import some 150,000 tons of Russian wheat over the next couple of months, at prices ranging from \$187 to \$195 per ton (C&F). (Source: Business Line, 08/26/06)

GOVERNMENT JUNKS CSE COLA CHARGES

The Ministry of Health and Family Welfare has rejected the findings of the Center for Science and Environment (CSE), a non-government organization, that had charged PepsiCo and Coca Cola of selling soft drinks with higher than permitted levels of pesticide. "The conclusion of the expert committee (constituted to review CSE report) is that the report does not provide

conclusive evidence for presence of different pesticides in the concentration reported," the Health Minister informed the Lower House of the Parliament. (Source: Financial Express, 08/23/06)

INDIA AND ASEAN AGREE TO RESUME FTA TALKS

ASEAN has asked India to make further tariff concessions in its list of goods and services offered under the beleaguered free trade agreement (FTA) as the two sides agreed to resume FTA talks suspended by the 10-member grouping because of alleged lack of progress. "They have to make further concessions, otherwise it will be a standstill," Malaysia's International Trade and Industry Minister said after India-ASEAN economic Ministers' consultations at Kuala Lumpur on August 24. The Minister said that the grouping had not given a deadline for the FTA negotiations. "Deadlines are immaterial, we are still determining the basics," she said. India had revised its earlier tariff reductions offered for 60 percent of the items raising it to 94.6 percent of the items. The 5.4 percent sensitive products for which tariff reductions not offered include 560 products. India also offered to substantially reduce import duty on highly sensitive products which were of significant export interest to certain ASEAN members, such as refined palm oil (from 90% to 60%), crude palm oil (from 80% to 50%), black tea (from 100% to 50%) and peeper (from 70% to 50%). (Source: Financial Express, 08/25/06)

RELIANCE RETAIL TO OFFER GLOBAL BRANDS

Reliance Retail, the rs. 250 billion (\$5.4 billion) retail effort of Reliance Industries, scheduled to kick off in September in Hyderabad, is planning to introduce global brands to India, according to its President and Chief Executive, Raghu Pillai. "We are talking to everybody. It is still very much in the project stage. On the ground, you will see huge action next year," he said. "We will be opening our first store in Hyderabad in September [2006] and this will be a large store with food, vegetables, and staples," he said. The company has already signed agreements with the West Bengal and Punjab governments in tying up for procurements and rollouts. (Source: Business Lines & Business Standard, 08/19/06)

DEADLINE ESTABLISHED FOR REPORT ON GM SOYBEAN OIL

Traders importing GM soy oil have been given a mid-September deadline to submit analytical reports, failing which their applications will be rejected, a senior government official said. He said earlier the Genetic Engineering Approval Committee (GEAC) of the government had asked importers to submit the documents by April-May, 2006. (Source: Financial Express, 08/24/06)

COMPREHENSIVE STANDARDS FOR PROCESSED FOOD

The Ministry of Health is looking at bringing in comprehensive standards for processed foods. The Ministry, however, reckons that it would be a very complicated task as processed food contains variety of natural ingredients and determining pesticide limits for each would be a complex procedure. Also there are no such standards anywhere in the world to be modeled on. Both the houses of the Parliament have recently passed the Food Standards and Safety Bill. The new legislation has proposed setting up a Food Authority and Food Committees to deliberate these issues. As the proposed body is yet to be established, the onus to set food standards still rests with the Health Ministry. (Source: Financial Express, 08/22/06)

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REPORT #	SUBJECT	DATE SUBMITTED
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IN6073	India: Livestock and Products: Annual	08/23/06

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